

FISCAL NOTE

Bill #: HB 541

Title: Allow motor homes 11 years old and older to be permanently registered

Primary Sponsor: Glaser, B

Status: As introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	\$5,105	\$0
Revenue:		
General Fund	\$48,683	\$46,808
Net Impact on General Fund Balance:	\$43,578	\$46,808

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|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill allows the owner of a motor home 11 years or older the option to permanently register the motor home.
2. It is estimated that in FY 2005 there will be 13,130 motor homes 11 years or older registered in Montana. The number of motor homes has grown on average 6 percent per year since FY 2001.
3. Assuming an annual growth rate of 6 percent, there would be approximately 13,900 motor homes 11 years or older in Montana in FY 2006, and 14,750 in FY 2007.
4. Under 61-3-562, MCA, light vehicles 11 years or older may also permanently register. According to the Department of Justice (DOJ), approximately 2.85 percent of the eligible light vehicles opt to permanently registered each year.
5. For purposes of this fiscal note, it is assumed that the same percentage, or 2.85 percent of eligible motor homes will opt to permanently register under the provisions of HB 541.
6. Since the effective date of the bill is January 1, 2006, and approximately 70 percent of motor homes register in the second half of the fiscal year, the FY 2006 impact will be 70 percent of a full years impact.
7. Using the aforementioned assumptions, the number of permanent registrations is estimated at 277 (13,900 x 2.85% x 70%) in FY 2006, and 420 (14,750 x 2.85%) in FY 2007.

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8. Per the DOJ table below, it is estimated that an average motor home 11 years or older would pay fees of \$97.50 per year if they did not opt to permanently register under HB 541. If a motor home 11 years or older did permanently register, their fees would be \$273.25. A difference of \$175.75 (\$273.25 - \$97.50).

Fees/(Fee Codes)	Current Law Annual Registration Fees	HB 541 Proposed Optional Permanent (One-time) Registration Fees Eff 1/1/2006	MCA Statute
Fee in lieu of tax (09)	\$ 65.00		61-3-522(1)
FILT Registration (new)		\$ 195.00	61-3-522(3)(a)
Veteran Services Registration Fee (12)	\$ 0.50	\$ 0.50	61-3-321(7)(a)
Recreational Vehicle Registration Fee (58)	\$ 9.75	\$ 9.75	61-3-321(1)(l)
Motorhome Registration Fee (91)	\$ 22.25	\$ 22.25	61-3-321(1)(g)
Weed control fees (new)		5 x \$7.50 = \$37.50	61-3-522(3)(a)(i)
County motor vehicle computer fees		5 x \$1.00 = \$5.00	61-3-522(3)(a)(ii)
Senior citizens and persons with disabilities transportation services fees (13)		5 x \$0.25 = \$1.25	61-3-522(3)(a)(iv)
MHP pension trust fund (23)		\$ 2.00	61-3-522(3)(b)
Total Registration Fees	\$ 97.50	\$ 273.25	
		Plus Optional Fees	
OPTIONAL FEES:			
Collector plate inspection fee (19)		\$ 5.00	61-3-412(2)(b)
Collector plate application fee (27)		\$ 20.00	61-3-412(5)
Personalized plate renewal fees (34)		5 x \$10.00 = \$50.00	61-3-522(3)(a)(iii)
Table created by Department of Justice			

9. In the year a motor home opted to permanently register, general fund revenue would increase by \$175.75.
 10. However, since those motor homes will not pay annual fees until an ownership change occurred, the general fund would be reduced by \$97.50 in future years for every vehicle permanently registered.
 11. Under the proposal, it is estimated that general fund revenue would *increase* by \$48,683 (277 x \$175.75) in FY 2006, and \$46,808 ((420 motor homes x \$175.75) - (277 prior year motor homes x \$97.50)) in FY 2007.

Administrative costs

Department of Justice (DOJ)

12. DOJ anticipates operating costs in FY 2006 would increase \$5,105 for computer programming, analysis, design, testing, and implementation to add the new fee codes and enhance reports to include this data.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
<u>Expenditures:</u>		
Operating Expenses	\$5,105	\$0
<u>Funding of Expenditures:</u>		
General Fund (01)	\$5,105	\$0

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Revenues:

General Fund (01)	\$48,683	\$46,808
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$43,578	\$46,808
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LONG-RANGE IMPACTS:

Motor vehicle revenue transfers to agencies are based on prior year vehicle counts, for instance FY 2006 transfers are based on calendar 2005 counts. Beginning in FY 2008, funding distributions for noxious weed program, senior and disabled citizens transportation program, and the highway patrol retirement program would be increased in the year the motor home is permanently registered, and decreased in the years following the year of the permanent registration of the motor home.

TECHNICAL NOTES:

1. SB 285 clarifies and simplifies motor vehicle language. If both SB 285 and HB 541 pass, coordination language will be necessary.
2. LC 761 significantly changes motor vehicle statutes. If LC 761 and HB 541 pass, coordination language will be necessary.
3. Department of Justice believes additional costs could be incurred if changes are necessary for the mainframe legacy system as a result of legislative changes.